

BEYOND EXPECTATIONS

FAMILY INDEPENDENCE PROGRAM
2003 Annual Report

**Welfare Reform in
Rhode Island
Under the Family
Independence Act
1997-2002**



Rhode Island Department
of Human Services

BEYOND EXPECTATIONS

WELFARE REFORM IN RHODE ISLAND UNDER THE FAMILY INDEPENDENCE ACT – 1997 - 2002

The Family Independence Act (FIA), Rhode Island's version of welfare reform, is a comprehensive statute that represents a successful compromise forged by a long and passionate debate during the 1996 General Assembly Session. The agreement that emerged had a remarkable level of consensus having passed the House unanimously and with only one nay vote in the Senate. FIA was enacted on August 2, 1996 and implemented on May 1, 1997.

This report describes the law itself and the principles upon which it was based as well as the outcomes achieved so far, five and one-half years later. It tells a story of accomplishment of a vision of social policy reform that began with great faith. Extensive independent research, has proven FIA is successful beyond even the most optimistic expectations held by those who created it.

The guiding principles of the Family Independence Act were both clear and practical:

- Poor children should be no worse off than they were before welfare reform.
- Adults should be able to access education and training if they need it before they are required to go to work.
- The program of cash assistance and work supports for families should be cost neutral in the first two years, 1997 and 1998.

FIA envisioned a **fundamental change in the welfare system** in Rhode Island and established uniquely Rhode Island solutions to the problem of welfare dependency.

Unique policies of Rhode Island's Family Independence Program include:

- Rhode Island's program will facilitate the entry and re-entry of parents into the workplace by providing critical work supports.
- The Department of Human Services (DHS) social worker and the parent will jointly agree on an individualized employment plan designed to accomplish the following:
 - Lead to financial self-sufficiency
 - Identify the necessary work supports needed by the family to become employed or stay employed. These may include childcare, health care, training and education.
 - Assure the parent's cooperation with the state in capturing child support and medical support from non-custodial parents.
- Unemployed parents will begin work or a work readiness program as soon as possible after development of an employment plan.
- FIA provides for temporary (no more than 60 months in a lifetime), rather than indefinite cash assistance for the parents beginning with the signing of an employment plan. Children are not restricted from receiving benefits beyond 60 months.



Key policies in the Family Independence Act include:

- Provision of financial assistance for the first 24 months of the employment plan while parents are in education and training to develop necessary work skills.
- Unless the parent is exempt for good reasons such as caring for a disabled spouse or child, he/she is generally required to be in paid or unpaid work within 24 months of entering an employment plan.
- Minor parents are required to live at home with their own parents or to otherwise be in an adult-supervised setting in order to receive assistance.
- Minor parents are assisted, encouraged, and required to complete high school.

FIA describes the **organization and service delivery system for welfare reform**. Case management is provided for all FIP families to assure appropriate access to:

- Child care subsidies
- Education and training
- Health care coverage
- Cash assistance including wage supplements for working beneficiaries
- Necessary social services

The Department of Human Services (DHS) is the single state agency with overall responsibility for administration and implementation of FIP; however FIA mandates collaboration and cooperation with the following departments and agencies:

- Department of Elementary and Secondary Education
- Community College of Rhode Island
- Department of Labor and Training
- Economic Development Corporation
- Human Resources Investment Council
- Department of Children Youth and Families
- Rhode Island Housing Mortgage and Finance Corporation
- Department of Administration
- Rhode Island Family Court

FIA created a **system of long-term investments** in a family's ability to support itself and recognizes that the route to family economic well being through employment is different for everyone depending on his or her individual circumstances. FIA also specifies **outcomes** to be achieved through the Family Independence Program (FIP).

Two comprehensive independent evaluations have been conducted of the Family Independence Program as well as numerous other special topic research projects. The major works both represent longitudinal assessments using very different but complementary methodologies. The Rhode Island College School of Social Work has conducted a multi-year survey which follows a representative sample of 638 FIP beneficiaries as they progress on their own paths to family economic well-being. The Wellesley Research Partnership in the Economics Department at Wellesley College in Massachusetts has applied advanced economic research techniques to FIP administrative data to track caseload trends over time.

These evaluations and other research efforts as well as DHS's own analyses provide information to assess the success of FIP in achieving FIA's stated outcomes.

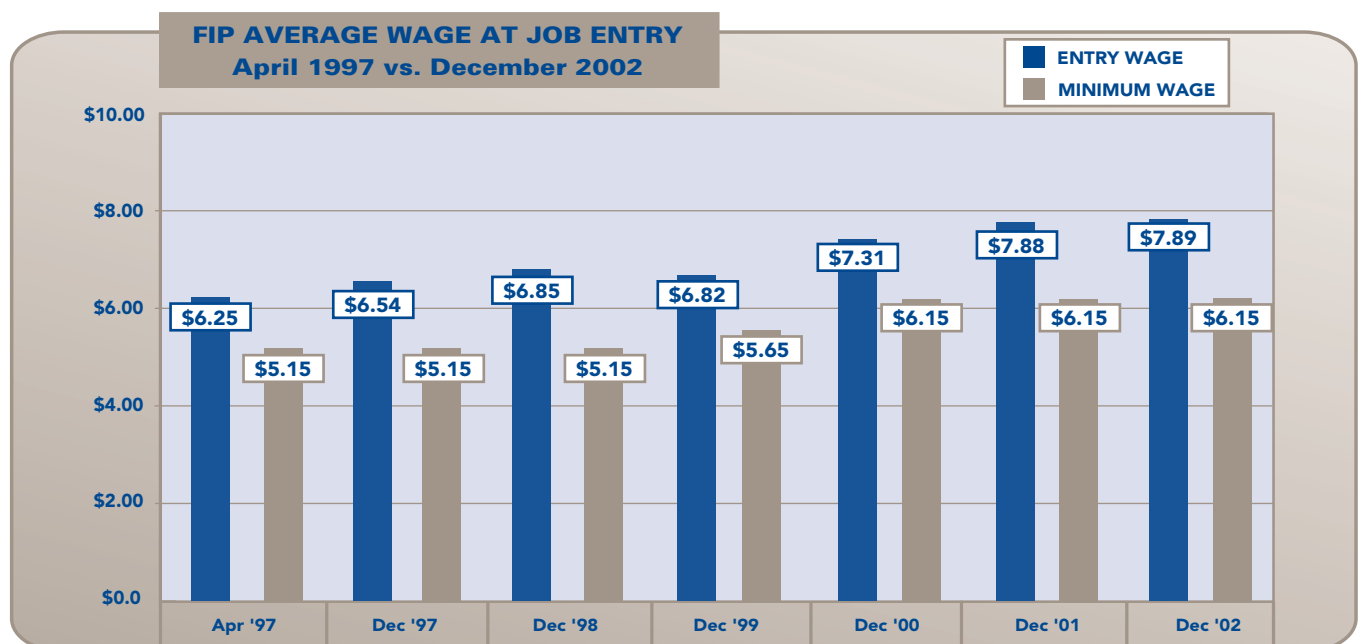
Outcome # 1

Families who receive cash assistance will be able to increase their household income through employment.



Results from major independent survey research and economic analysis shows that FIP families are more likely to be employed and have increased their income through employment:

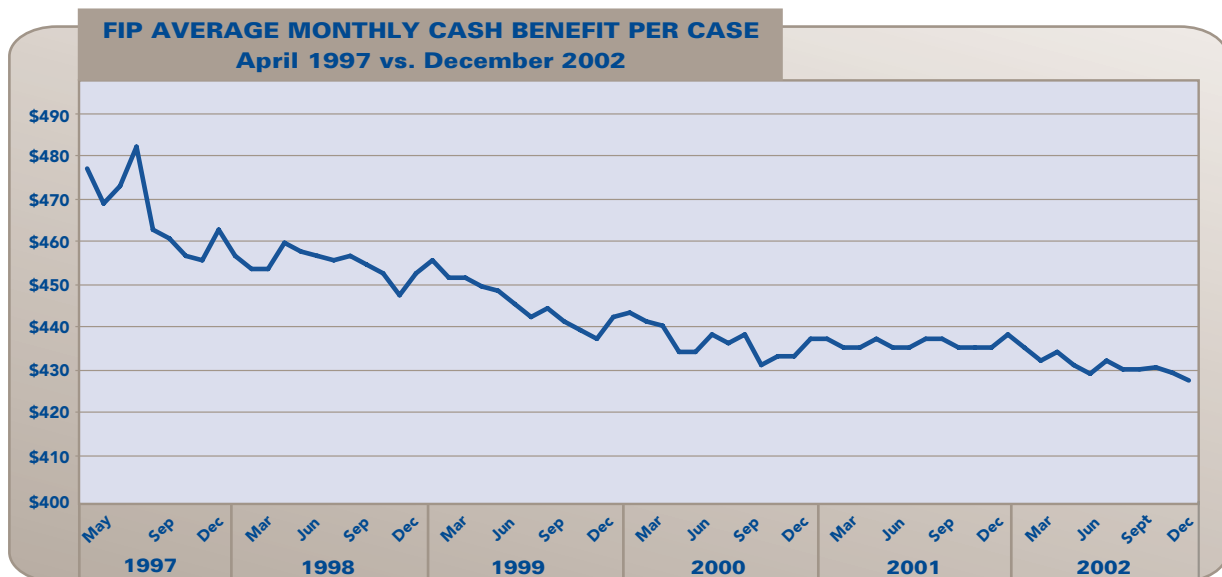
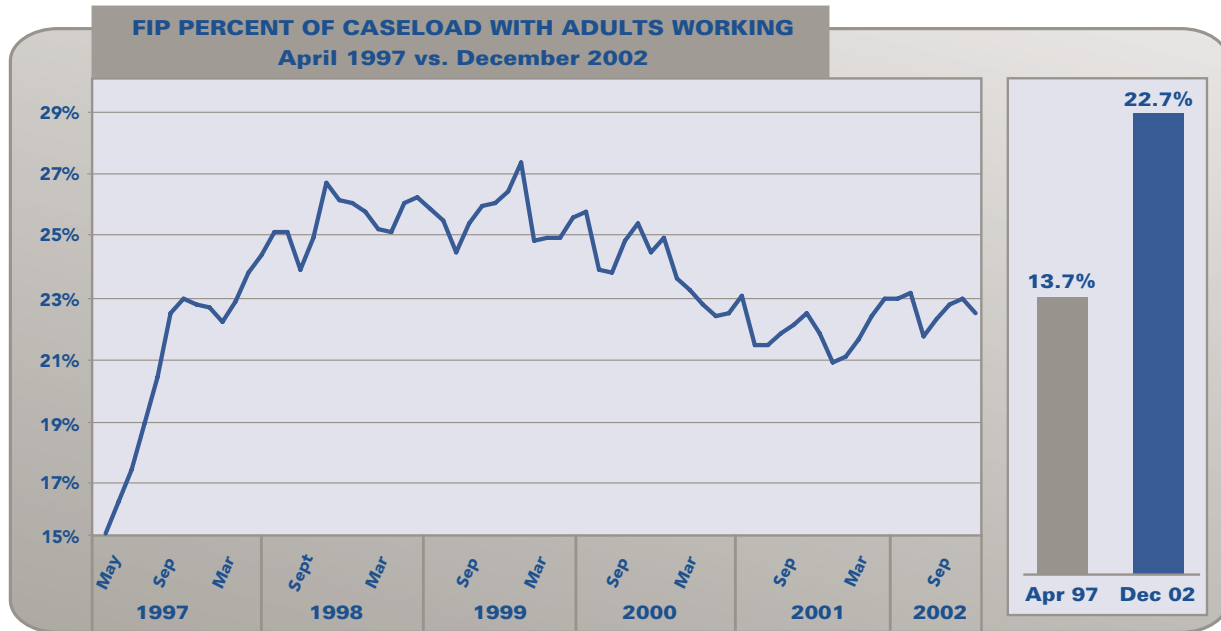
- In its first four years, FIP has nearly doubled the likelihood that parents are employed—from 20 % in 1996, the year prior to FIP implementation to 36 % in 2000.
- Among a sample of 638 FIP recipients surveyed annually, from baseline in 1998-99 to third year follow-up in 2000-2001, the following was documented:
 - The average total monthly household income for **employed** “leavers” (those who have exited cash assistance) increased 56% from \$1,231 to \$1,919 per month.
 - The average total monthly household income for **employed** “stayers” (those who are working and still eligible for a FIP wage supplement because their earnings are low) increased 22% from \$994 to \$1,217 per month.
 - The total monthly household income for **unemployed** “stayers” was \$648 in 1998-99 and \$719 in 2000-01, showing very little change
 - The average number of weekly hours worked increased from 23 hours at baseline to 36 hours weekly for “leavers” and 27 hours weekly for “stayers”.
 - Those who received post-secondary education or vocational education or skills training as part of their FIP Plan earned an average wage of \$10.31 per hour while the average wage for those without this education was \$8.56 per hour.



Outcome # 2

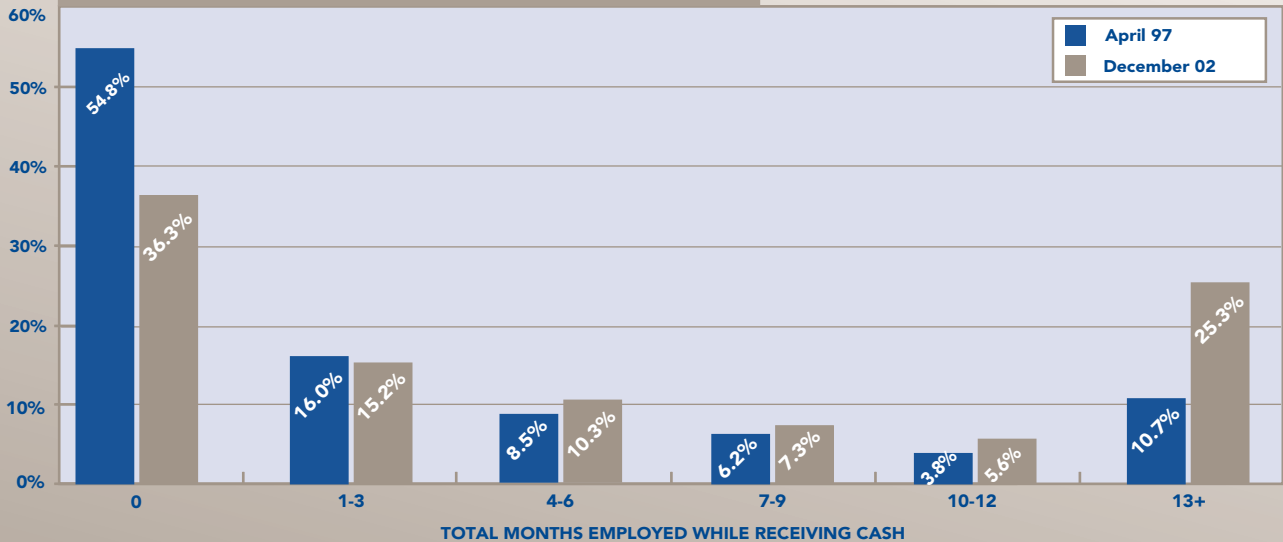
There will be a gradual decrease in the level of cash assistance to employed families.

Results documented by DHS from April 1997, the month before FIP began, compared to December 2002 show that the percentage of families working while receiving cash assistance has increased while the average amount of their welfare benefits has decreased.

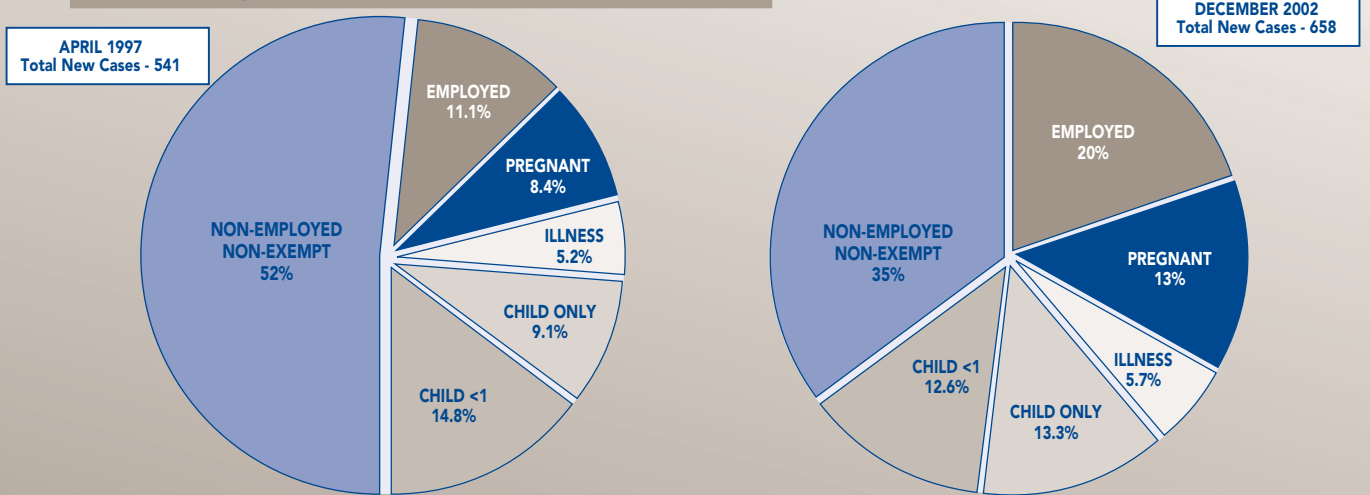


- The percentage of FIP cases with an adult working has nearly doubled, from 13.7% to 22.7%.
- 2,625 FIP households out of a total of 11,558 (or 22.7%) have a parent who is working although still not earning enough to make the family ineligible for cash assistance.
- The percentage of cases with no employment history while receiving cash assistance has decreased from 54.8% to 36.3%.

FIP ACTIVE FAMILIES BY EMPLOYMENT HISTORY April 1997 vs. December 2002



FIP CASE OPENINGS BY EMPLOYMENT STATUS April 1997 vs. December 2002



- The percentage of FIP families already working when they apply for a wage supplement (a reduced benefit case) has increased from 11.1% to 20%.
- The **average monthly cash benefit cost per case** has decreased by 17% (\$563 to \$469) for two-parent families and 12% (\$485 to \$428) for the total caseload.

Results from the comprehensive longitudinal survey of FIP beneficiaries shows that FIP policies that support education and training improve parents' ability to get good jobs that enable their families to be less reliant on cash assistance.

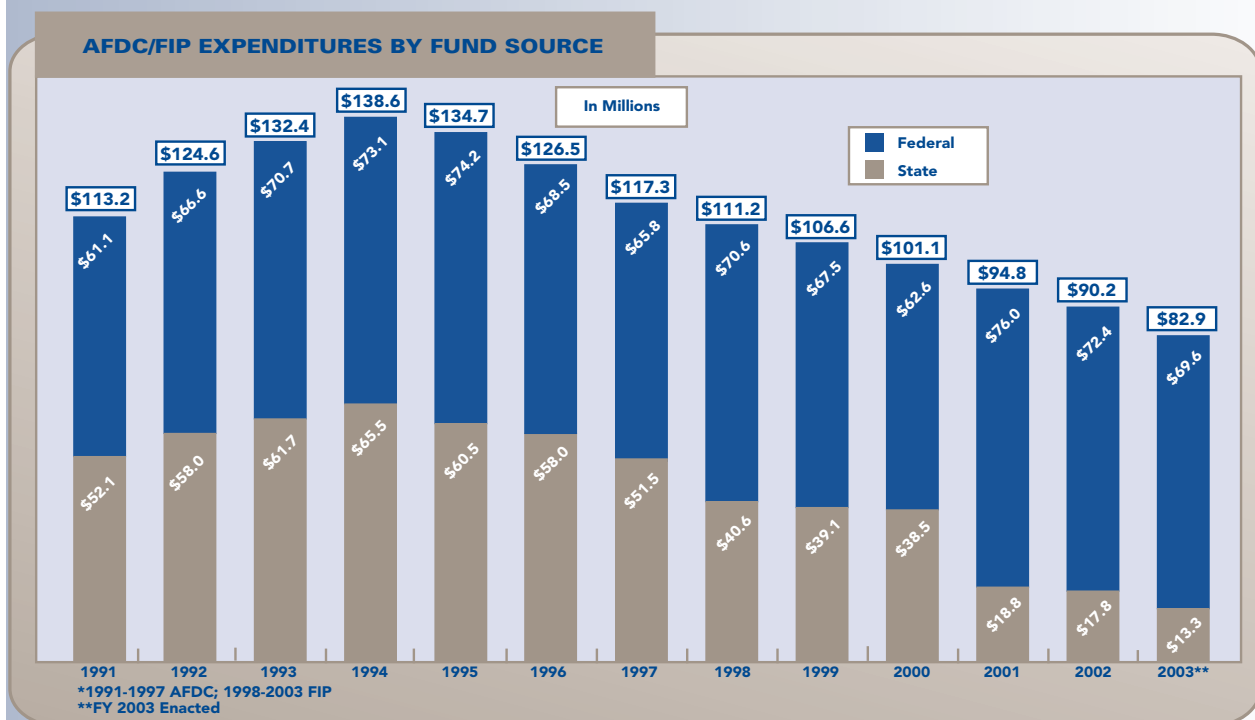
- 72 % of those who received vocational, skills or post-secondary education as part of their FIP Plan were off welfare three years after they were first interviewed. Whereas only 48% of clients who did not receive this education or training as part of their FIP plan were off welfare three years out.

Outcome # 3

There will be a gradual decrease in state expenditures for cash assistance for families.

Results show that significantly less is being spent on welfare benefits this year than was being spent when FIP began. In addition, the positive employment outcomes for FIP recipients have compared favorably with other states. The U.S. Department of Health and Human Services has recognized Rhode Island with financial rewards for our achievement in welfare reform.

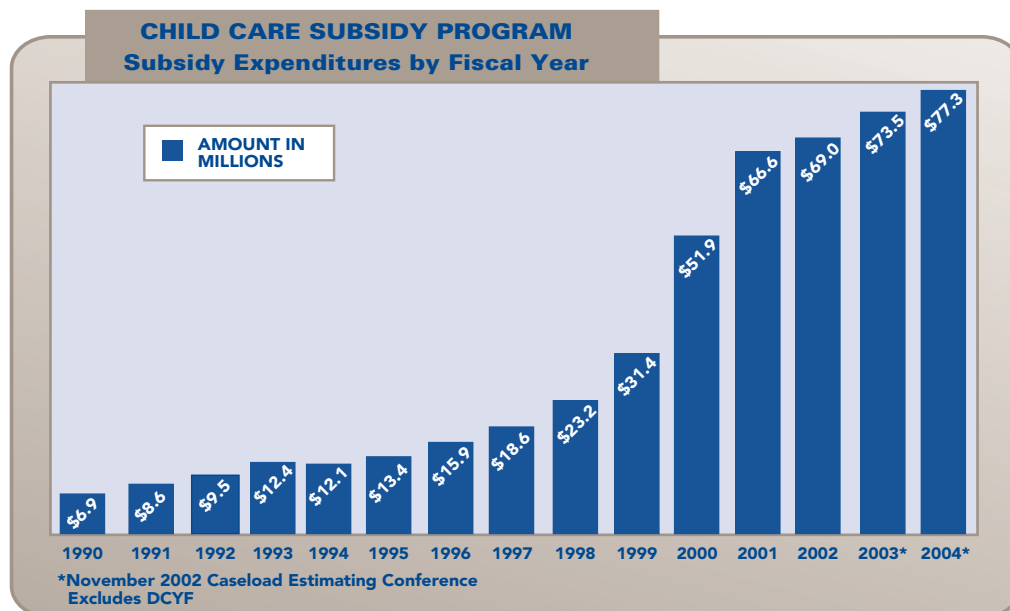
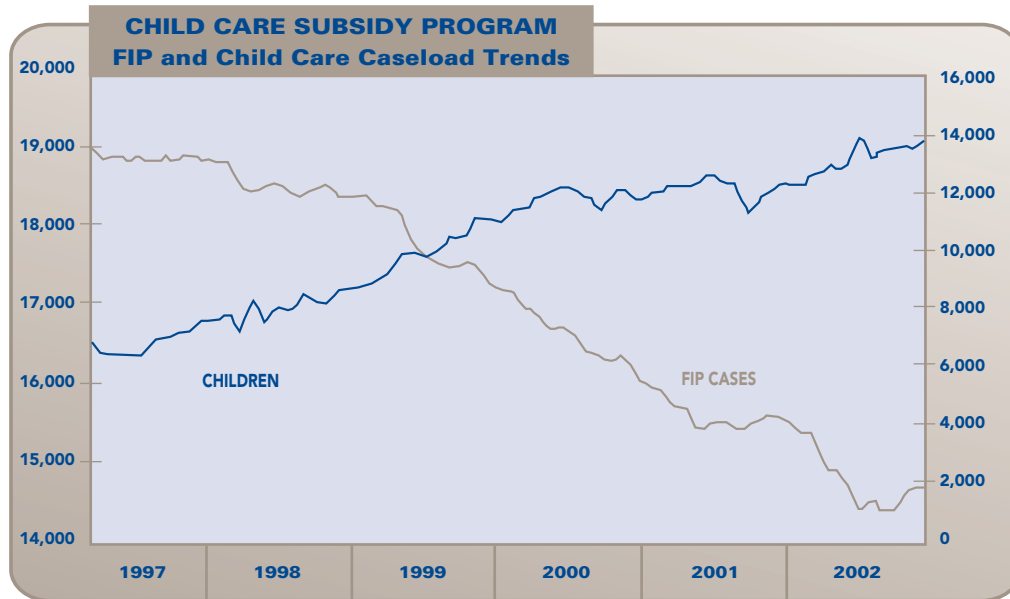
- Annual state and federal expenditures for cash assistance decreased by **29% or \$34.4 million**, from \$117.3 to \$82.9 million.
- DHS has won a total of **\$7.2 million** in Federal TANF High Performance Bonus awards that was reinvested in its FIP program.
- RI has been an award recipient for two out of the three years that High Performance Bonus awards have been given to states. Rhode Island ranked in the top 10 states for: "success in the workforce" and "improvement in job entry".



Outcome # 4

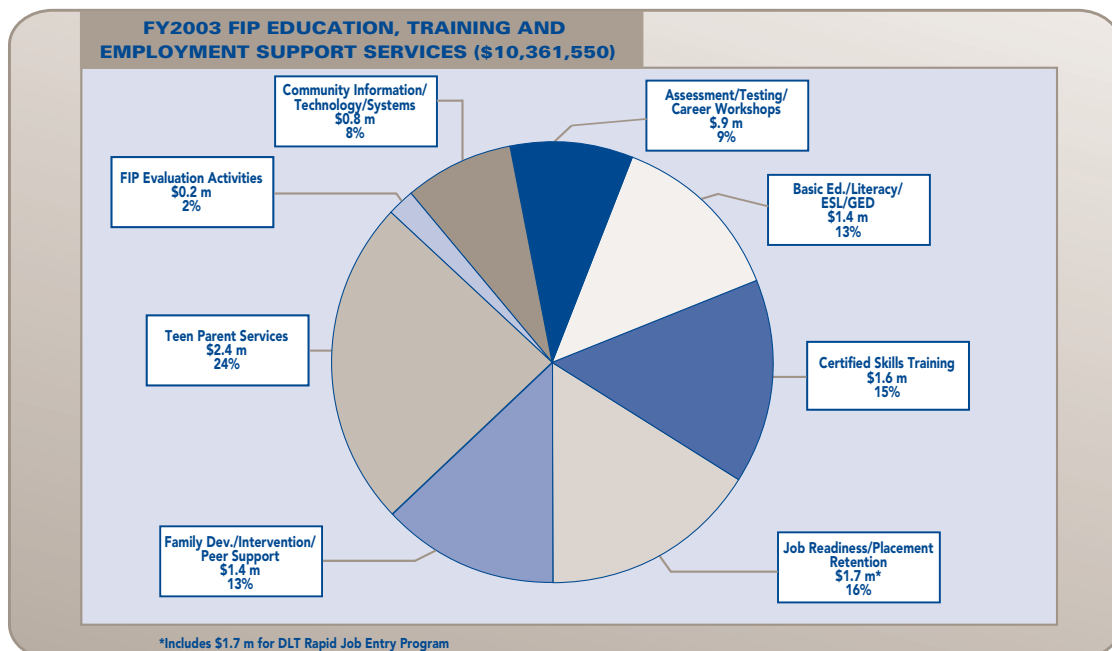
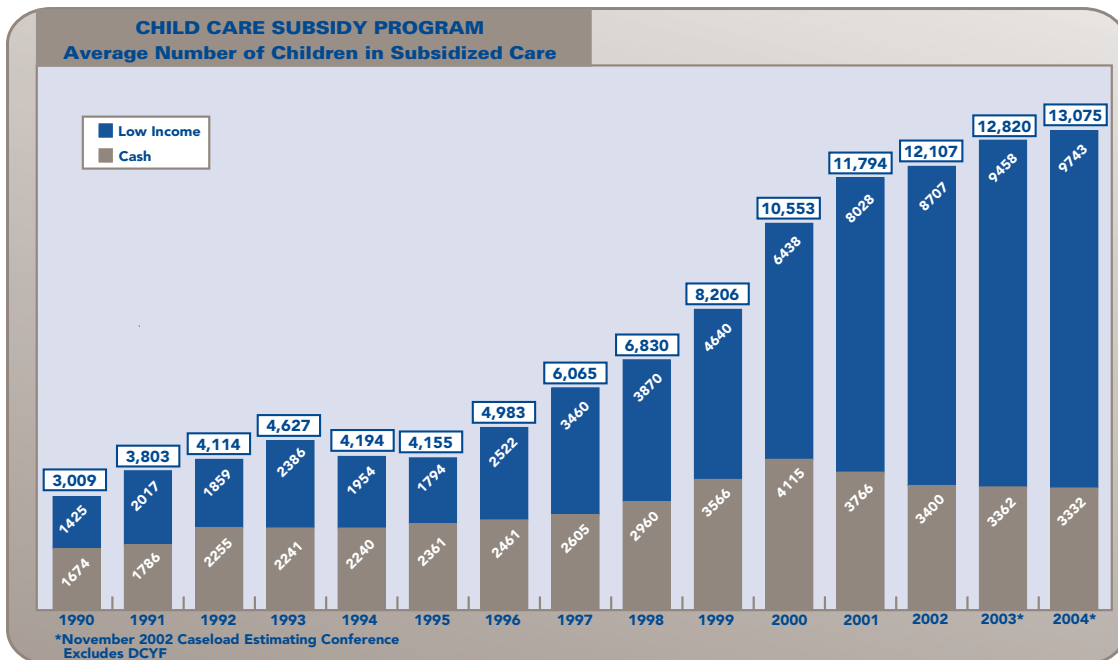
Cash assistance savings from family earnings will be reinvested in health care, childcare, education, literacy and skills training.

Results for this outcome can be observed by comparing DHS budgets for state fiscal years 1997 and 2003. Comparing these shows that more is being spent on education and training services than prior to welfare reform. In addition, child care expenditures have increased as welfare savings have been achieved.



- Commitments to **child care** quality, availability, accessibility and affordability for current and former FIP recipients and other low-income working families have increased child-care subsidy investments from \$18.6 million to \$73.5 million.

- Investments by DHS in **education and training and teen programs for minors** specifically targeted to FIP recipients have increased from just under \$3 million to \$8,782,183.
- Current and former welfare recipients under 185% of the federal poverty level (FPL) and their children under 250% of FPL continue to be eligible for **health care** coverage through Rlte Care, the state's Medicaid managed care program, or Rlte Share, the state's health insurance premium assistance program. Families that are exiting cash assistance may be eligible for Rlte Share if they have access to employer sponsored health insurance.
- Rhode Island was ranked number one among states for having the fewest uninsured children in 2000.



Family cohesion will be enhanced and more stable living environments for children will be created.



Results from the comprehensive longitudinal survey of FIP beneficiaries and DHS data from 1997 to 2002 show that the FIA policies designed to keep families together with both parents in the household are working. There is also data that shows when it is not appropriate or desirable for families to be together, FIP policies work to help assure a safe environment for parents and children. Finally, there is evidence that under FIP, minor teen parents have adult supervision and that FIP parents themselves have a positive view of their children's well-being:

- The number of two-parent families receiving FIP has increased by 111% (from 492 to 1039).
- Two-parent families represented 2.6% of the caseload in 1997 and 7.1% of the caseload in 2002.
- The number of minor teen parents receiving cash assistance has decreased by 66% (from 177 to 61).
- An overwhelming majority of FIP parents (91%) in a representative sample reported satisfaction with their children's overall quality of life.
- An overwhelming majority of FIP parents (95%) in a representative sample reported that childcare had positive effects on their children.
- FIP has provided effective protections for parents and children experiencing domestic violence. A monthly average of 155 individuals have waivers of child support requirements and 7 have temporary work waivers due to the potential of harm from domestic violence.

FIP has met and exceeded the expectations of proponents and critics alike. There is substantial and convincing evidence from multiple sources that each of the specified outcomes in FIA are being achieved. This is no small accomplishment. It is a success in the public policy arena for which policymakers can take pride.

The Family Independence Program, with its comprehensive and long term human investment approach has become the principle resource for the most disadvantaged Rhode Island families to get the skills and supports they need to enter and compete in the workforce. FIP provides the boost very low-income parents need to begin the climb up the ladder of employment success. In this way, Rhode Island's cash assistance program, the Family Independence Program, truly represents a critical foundation for workforce development and for building the economy of Rhode Island. ♦



Jane A. Hayward, Director

Donald L. Carcieri, Governor

Rhode Island Department of Human Services
600 New London Avenue
Cranston, Rhode Island 02920
www.dhs.state.ri.us